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Review of the efficiency of the administrative and financial functioning of the United Nations

Progress towards an accountability system in the United Nations Secretariat

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General entitled "Progress towards an accountability system in the United Nations Secretariat" (A/66/692). The Committee also had before it, for information, the report of the Joint Inspection Unit on accountability frameworks in the United Nations system (A/66/710) and the report of the Unit on transparency in the selection and appointment of senior managers in the United Nations Secretariat (A/66/380), submitted in response to General Assembly resolution 64/259, and the related report of the Secretary-General (A/66/380/Add.1). During its consideration of the matter, the Committee met with representatives of the Secretary-General, who provided additional information and clarification. The Committee also had an exchange of views, via videoconference, with the Chair of the Joint Inspection Unit.

2. The Advisory Committee recalls that the General Assembly, in its resolution 61/245, requested the Secretary-General to report on the Secretariat's accountability framework; the enterprise risk management and internal control framework; and the results-based management framework. The resulting report of the Secretary-General (A/62/701 and Corr.1) provided details based on three elements of institutional and personal integrity, namely, performance; compliance and oversight; and integrity. In its related report (A/63/457), the Committee recommended that the General Assembly take note of the report of the Secretary-General, and that it not approve, at that stage, the proposed changes to the organizational structure of the Secretariat or any of the resources requested. The General Assembly, in its resolution 63/276, decided not to endorse the accountability framework as proposed in document A/62/701 and Corr.1 and requested the Secretary-General to submit to the Assembly,

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for consideration at the first part of its resumed sixty-fourth session, a comprehensive report addressing, inter alia, 11 specific points set out in the resolution.[1]

3. The report of the Secretary-General to the General Assembly at its sixty-fourth session, entitled "Towards an accountability system in the United Nations Secretariat" (A/64/640), included a proposed definition of accountability, a series of recommendations for strengthening accountability in the United Nations Secretariat, a description of the components of the accountability system in effect in the Secretariat and a detailed plan and road map for the implementation of the enterprise risk management and internal control framework. In its related report (A/64/683 and Corr.1), the Advisory Committee noted that, while the report of the Secretary-General listed the legal instruments, mechanisms and tools that formed part of the accountability system, it did not explain why the existing components were not fully functional and also stopped short of addressing existing gaps or specifying proposals for improvement. The Committee recognized, however, that despite those gaps, the report of the Secretary-General presented some opportunities to determine the way forward. In its resolution 64/259, the General Assembly took note of the Secretary-General's report, decided upon a definition of accountability for the United Nations Secretariat (para. 8) and provided guidance and/or made specific requests in a number of areas.[2]

4. In his current report (A/66/692), the Secretary-General describes the progress made in the two years since his last report on accountability (A/64/640). A summary of the main initiatives undertaken during the reporting period is provided in paragraph 5 of the report. The actions taken to implement General Assembly resolution 64/259 are provided in sections II to VIII of the report. The annex to the report contains an enterprise risk management and internal control policy for the Organization. The Secretary-General's report does not address all the areas identified by the General Assembly, notably results-based management and performance reporting, which are to be integrated with other accountability and performance-related initiatives resulting from the change management exercise (see paras. 55-57 below).

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[1] See resolution 63/276, paras. 8 and 9: para. 9 set out the following points: (a) definition of accountability, roles and responsibilities; (b) performance reporting; (c) implementation of recommendations of oversight bodies; (d) personal and institutional accountability; (e) selection and appointment of senior managers; (f) reform of the performance appraisal system; (g) delegation of authority; (h) implementation of the results-based management framework; (i) results-based management information system; (j) enterprise risk management and internal control framework; (k) how the current and proposed accountability mechanisms in the Secretariat would have addressed the flaws in the management of the United Nations oil-for-food programme.

[2] Promoting a culture of accountability; performance reporting; implementation of recommendations of oversight bodies; personal and institutional accountability; selection and appointment of senior managers; reform of the performance appraisal system; delegation of authority; implementation of the results-based management framework; the results-based management information system; enterprise risk management and internal control framework; and how the current and proposed accountability mechanisms in the Secretariat would have addressed the flaws in the management of the United Nations oil-for-food programme.

II. General comments and observations

5. With respect to the format and content of the report, the Advisory Committee notes that the Secretary-General provides a description of the administrative policies, procedures, tools and systems implemented or envisaged for implementation under each of the areas of the accountability framework. The report provides few details on the accountability measures themselves, their underlying principles, the weaknesses they are intended to address, the timetable for their implementation or the next steps envisaged. It also lacks information on the mechanisms for monitoring and reporting on the application of those measures, the indicators and performance data used to measure progress and an analysis of their effectiveness in terms of strengthening accountability. In several instances, the Secretary-General affirms that progress was achieved in strengthening accountability but without providing any explanation or evidence to support his assertions. **In the view of the Advisory Committee, the lack of such details on the accountability measures and their application constitutes a weakness in the report of the Secretary-General. Moreover, the Committee points out that such information is necessary, not only for reporting purposes, but also for the day-to-day management of the implementation of the accountability framework, including monitoring progress, evaluating results and taking corrective action, as required. The Committee is concerned that the absence of such information may create the impression of a lack of commitment in implementing an effective accountability system.**

6. **Accordingly, the Advisory Committee recommends that the Secretary-General be requested to improve the content of future progress reports on the implementation of the accountability framework (see also para. 11 below) by providing more complete and transparent information that would enable a clear understanding of the principles and mechanisms of the accountability measures implemented or envisaged, including an analysis of the impact of their application on strengthening accountability, with key performance indicators and supporting statistical information to substantiate results.**

7. To supplement the information contained in the report of the Secretary-General, the Advisory Committee requested, by way of example, additional information on a number of elements, including: (a) the number of staff who had been subject to the withholding of salary increments or non-extension or termination of their contracts for performance reasons; (b) the number of cases of misconduct in which disciplinary measures had been taken, as well as the number of cases in which recovery actions were undertaken in 2011; (c) the number of cases in which staff had been protected under the whistleblower policy; (d) the number of cases in which staff had been subject to sanctions and/or reprimand for violating the "zero-tolerance" policy on gifts or hospitality imposed under the United Nations Supplier Code of Conduct; and (e) the number of cases in which recovery actions were undertaken pursuant to staff rule 10.1.

8. The statistical information on the above-mentioned elements provided to the Advisory Committee is attached as annex I to the present report. In some instances, the Secretariat was unable to provide the information requested within the time frame for the issuance of the current report, indicating that the required data was not recorded automatically and would have to be collected across all duty stations through a lengthy manual process (see paras. 31 and 32 below). The Committee is aware of the

weaknesses in current information systems, which will, in principle, be alleviated through the introduction of the new enterprise resource planning system (Umoja). **However, pending the implementation of Umoja, which is scheduled for 2014, the Advisory Committee considers that the Secretary-General can identify a set of essential data elements required for developing key performance indicators for tracking and reporting progress in the implementation of the accountability framework, and ensure that the necessary data is collected. The Committee recommends that the Secretary-General be requested to present performance data in all future progress reports on accountability (see para. 11 below).**

III. Implementation of General Assembly resolution 64/259

9. The General Assembly's definition of accountability covers: (a) the obligation of the Secretariat and its staff members in terms of mandate implementation, compliance with the regulatory framework, standards of conduct, stewardship of resources, performance and achieving results; (b) rewards and sanctions; and (c) the role of the oversight bodies. In its previous reports, the Advisory Committee has commented that lack of clarity in the definition of accountability was one of the fundamental weaknesses in the Secretary-General's accountability architecture (A/63/457, para 9; and A/64/683 and Corr.1, para. 12). **The Advisory Committee believes that the adoption of a definition of accountability provides the Organization with a clear direction for the further development of the accountability framework, the strengthening of accountability mechanisms and the establishment of instruments for their enforcement.**

10. The report of the Secretary-General outlines the actions taken to: promote a culture of accountability; clarify and codify delegations of authority; further implement human resources management reforms, including a new performance management and staff development system; and lay the groundwork for the introduction of enterprise risk management. **The Advisory Committee agrees with the Secretary-General that strengthening accountability remains a work in progress and that much more work remains to be done. It considers, nevertheless, that some elements of the accountability framework have been established, on which the Organization can build an effective system of accountability and improve the management of its operations.**

11. **Accordingly, and in light of the fact that the implementation of an effective system of accountability is a process that will span several years, the Advisory Committee recommends that the General Assembly request the Secretary-General to submit, for its consideration, an annual report on progress made towards the implementation of the accountability framework.**

A. Promoting a culture of accountability

12. In its resolution 64/259, the General Assembly stressed that accountability was a central pillar of effective and efficient management that required attention and strong commitment at the highest level of the Secretariat. The Assembly also stressed the importance of promoting a culture of accountability, results-based management, enterprise risk management and internal controls at all levels in the Secretariat through the continued leadership and commitment of senior managers

(para. 6). In its related report, the Advisory Committee emphasized that an accountability framework could not, in and of itself, create a culture of accountability, that such a culture required a change in the mindset of the staff, driven by a sustained commitment at the most senior levels of the Secretariat (A/64/683 and Corr.1, para. 52).

13. In paragraphs 7 to 11 of his report, the Secretary-General provides information on the actions taken to promote a culture of accountability. He indicates that a dedicated portal introduced on the Secretariat's Intranet (iSeek) in early 2011 aims to make information on accountability more accessible to staff at all levels of the Organization and to promote a common and practical understanding of what is meant by accountability at the United Nations.

14. The Advisory Committee enquired as to the impact of the site in promoting a culture of accountability and the number of times the portal had been accessed by Secretariat users. It was informed that 34,553 Intranet pages found on the "Accountability A to Z" portal had been viewed since its launch on 17 February 2011, ranking it consistently among the leading pages that provide original content. The Committee was further informed that the website constituted a critical capacity-building tool for knowledge sharing, active dialogue about good practices and hands-on guidance, which each staff member could apply to his/her daily work in the Organization. It was expected that the combination of a reference library and practical how-to guidance would empower staff to: better understand their responsibilities in relation to the larger mandates of the Organization; get a better sense of expected behaviour; and apply accountability concepts directly to their work. **The Advisory Committee recognizes the efforts made to launch the accountability web portal, which, in its view, is starting to prove to be a useful reference tool for providing guidance and raising awareness on accountability issues throughout the Secretariat.**

15. **The Advisory Committee also considers that the accountability portal constitutes only a first step towards the development of a culture of accountability. In light of the emphasis placed by the General Assembly on achieving a culture of accountability in the Secretariat, the Committee had anticipated an in-depth analysis of the factors contributing to a strong culture of accountability, including the role of leadership, a rigorous performance appraisal system and a comprehensive system of rewards and sanctions. The Committee emphasizes, in particular, that the exemplary leadership of senior management is critical in setting the tone and the highest standards for a strong culture of accountability, personal integrity, compliance and achieving results. Moreover, a failure to hold senior managers to account has a negative impact on setting the standards of accountability throughout the Organization. In the Committee's view, such an approach to fostering a strong culture of accountability throughout the Secretariat is warranted. The Committee therefore encourages the Secretary-General to ensure a consistent enforcement of accountability for all staff, including senior managers.**

B. Delegation of authority

16. In paragraph 21 of its resolution 64/259, the General Assembly, recalling paragraph 36 of the report of the Advisory Committee (A/64/683 and Corr.1),

requested the Secretary-General to urgently address the continued deficiencies in the current delegation of authority system through the promulgation of well-defined roles and responsibilities of individuals at all levels to whom authority is delegated, the systemic reporting mechanisms on monitoring and exercise of delegated authority and actions to be taken in cases of mismanagement or abuse of authority.

17. Actions taken in the area of delegation of authority are outlined in paragraphs 12 to 18 of the Secretary-General's report, in which he indicates that, in response to the request of the General Assembly, a comprehensive review of the current system was conducted under the Staff Regulations and Rules (human resources management) and the Financial Regulations and Rules (finance, budgeting, procurement and property management) in order to establish who has the delegated authority to take specific decisions and actions and to identify the legal source of authority in each instance. The Secretary-General further indicates that the system for the delegation of authority under the Staff Regulations and Rules has been comprehensively revised with a view to ensuring that authority is delegated in a consistent and transparent manner by those who possess the authority to mandate action. He proposes to implement the revised system of delegation of authority in steps: a first step involving the issuance of a Secretary-General's Bulletin setting out general principles of delegation and the specific authorities to be retained exclusively by the Secretary-General or delegated by him to the Under-Secretary-General for Management; and a second step for the further delegation of authority by the Under-Secretary-General for Management to other departments and offices in the Secretariat, which will be put into effect through administrative issuances. With regard to the Financial Regulations and Rules, the Secretary-General indicates that a comprehensive update of the existing system has been completed and that the revised system will be similarly promulgated in two steps. The Advisory Committee notes that the delegation of authority under the Financial Regulations and Rules is exercised by authorized officials who are granted the authority on a personal basis, as opposed to authority for human resources management, which is delegated by function.

18. **The Advisory Committee recognizes that the conduct of a comprehensive review of the system of delegation of authority and the complete revision of the system represents a considerable task, and it commends the Secretary-General for the efforts undertaken thus far. It considers, however, that the information contained in his report is insufficient to enable a clear understanding either of the comprehensive review process and its findings or of the functioning of the new system of delegation of authority and the improvements it is designed to bring about. Furthermore, the report does not include a time frame for the implementation of the various steps envisaged nor does it fully address the request of the General Assembly (see para. 16 above).**

19. **The Advisory Committee reiterates that a clear and effective delegation of authority, including well-defined roles and responsibilities of the individuals at all levels to whom such authority is delegated, is fundamental for an effective accountability system. It also reiterates its earlier recommendation that the Secretary-General should be requested to provide further details on the revised system of delegation of authority, the mechanisms envisaged for monitoring the exercise of delegated authority and the measures to be taken in case of mismanagement or abuse of that authority.**

C. Letters of representation

20. In his report on the overview of the financing of the United Nations peacekeeping operations (A/66/679, para. 125), the Secretary-General states that in 2012, the Department of Field Support will be introducing the requirement for Directors and Chiefs of Mission Support to submit letters of representation, which are both an internal control measure and a managerial accountability tool, which, when fully implemented across all field-based missions, can provide evidence in support of public assertions regarding the strength and quality of internal controls over financial reporting. **The Advisory Committee points out that, with the implementation of the International Public Sector Accounting Standards (IPSAS), such assurances will have to be provided by the United Nations to the Board of Auditors. The Committee is of the view that such managerial accountability tools should be developed for the Organization as a whole, on the basis of a unified approach and under the leadership of the Controller. The Committee recommends that the Secretary-General be requested to further elaborate on this matter in the context of the next progress report and to ensure full coordination between the Department of Field Support and the Department of Management in this regard.**

D. Implementation of recommendations of oversight bodies

21. In paragraph 12 of its resolution 64/259, the General Assembly emphasized the importance of the full and timely implementation of the recommendations of oversight bodies, stressing the role of the Management Committee for monitoring and ensuring that accepted recommendations are followed up and implemented in a timely manner.

22. According to the Secretary-General, important steps have been taken to strengthen oversight roles and functions (see A/66/692, paras. 19-22). He cites, in particular, the inclusion of the implementation of oversight recommendations as part of senior managers' compacts; quarterly reporting on the status of implementation of the recommendations by the Department of Management to the Management Committee; the establishment by the Management Committee of a regular and direct dialogue with all of the oversight bodies, including on the implementation of their recommendations; and strengthening of the role and building the capacity of departmental focal points for oversight issues. In addition, an administrative issuance is to be published soon in order to clearly establish the roles and responsibilities of officials in relation to the engagement and the reports and recommendations of the oversight bodies. The Secretary-General states that the increased attention to oversight issues and monitoring of recommendations has resulted in a positive trend in implementation rates of recommendations, which has been noted by the Independent Audit Advisory Committee and the Joint Inspection Unit. He indicates that, within three years of their issuance, 95 per cent of the recommendations of the Office of Internal Oversight Services (OIOS) and virtually 100 per cent of the recommendations of the Board of Auditors are implemented (A/66/692, para. 22). **The Advisory Committee welcomes the progress that has been reported in improving follow-up to and in monitoring the implementation of the recommendations of the oversight bodies.**

23. The Secretary-General states that he remains fully committed to implementing the recommendations of the oversight bodies and that managers also accept this as one of their primary responsibilities. The Advisory Committee requested further clarification of the mechanisms by which recommendations of the oversight bodies were accepted or rejected by management. The Committee was informed that the primary responsibility for accepting or not accepting a recommendation lies with the programme managers. Disagreements are handled through continuous dialogue between the oversight body and management until an agreement can be reached. Absent such an agreement, the intervention of the Management Committee may be sought, although, to date, there had been no requirement for such recourse, all disagreements having been amicably resolved. Upon enquiry, the Committee was further informed that the Secretary-General's comments on individual recommendations in the report of the Board of Auditors on peacekeeping operations for the period ended 30 June 2011 (see A/66/5 (Vol. II); and A/66/693) reflected a unified position of the Secretariat.

24. The Advisory Committee notes that in the above-mentioned report of the Board of Auditors (A/66/5 (Vol. II)), the Board identified deficiencies and weaknesses in many areas, including budget formulation and management, asset management, procurement and contract management, unliquidated obligations, human resources management, the implementation of IPSAS, mission exit and liquidation and the global field support strategy. Furthermore, many of the weaknesses identified are of a recurring nature, which, in the Committee's view, reflects managerial weakness as well as shortcomings in internal controls and oversight. The Committee comments on specific deficiencies identified by the Board in its forthcoming report and in the context of its reports on individual peacekeeping operations. **The Advisory Committee is of the view that prompt action to address and eliminate such weaknesses is an integral component of an effective accountability system. It also emphasizes the important role of the oversight bodies in the development of an accountability system for the United Nations. By scrutinizing the utilization of resources and management practices in the Organization on behalf of the General Assembly, the oversight bodies provide it with key instruments for holding the Secretariat to account. The Committee encourages the Secretary-General to further strengthen consultation and cooperation with the oversight bodies as he pursues implementation of the accountability framework.**

E. Personal and institutional accountability

25. The General Assembly, in paragraphs 13 to 18 of its resolution 64/259, emphasized the importance of establishing and fully implementing real, effective and efficient mechanisms that foster institutional and personal accountability at all levels and requested the Secretary-General to: analyse the impact of his proposed human resources management reform measures on personal accountability; propose concrete and comprehensive measures to strengthen personal accountability at all levels within the Secretariat, based on the definition of accountability outlined in paragraph 8 of the same resolution; further improve the managers' evaluation system; clearly identify the critical linkages between institutional and personal accountability through the senior managers' compacts, and the performance

appraisal system of all staff below the level of Assistant Secretary-General; and establish proper accountability mechanisms for underperformance at all levels.

26. In paragraphs 23 to 33 of his report the Secretary-General provides information on measures intended to strengthen personal and institutional accountability implemented in the context of a range of human resources management reforms pursuant to General Assembly resolutions 63/250 and 65/247.

27. The measures aimed at the strengthening of the performance of senior managers and institutional accountability include: (a) the alignment of the senior managers' compacts to the definition of accountability in General Assembly resolution 64/259; (b) the simultaneous assessment by the Management Performance Board of the senior managers' compacts, the human resources management scorecards and the programme performance reports, with a view to strengthening the alignment of institutional and personal accountability at the highest levels of management; (c) identification of areas of performance that require improvement and the development of an action plan to address those areas based on an individual engagement between each senior manager and the Deputy Secretary-General; and (d) the authority granted to the Management Performance Board to demand from individual senior managers explanations regarding the achievement or non-achievement of their goals. The Secretary-General also envisages adding, as part of the assessment of senior managers' performance, accountability for judgements rendered by the internal justice system. The Committee was informed that the final assessment of the performance of individual senior managers was also available on the Intranet.

28. According to the Secretary-General, the new policy on performance management will reinforce the connections between individual workplans and other mechanisms in the accountability framework, including senior managers' compacts, departmental workplans and budget fascicles, thereby enabling managers and staff members to determine how individual workplans contribute to the overall mandates of the Organization (A/66/692, para. 34). **The Advisory Committee notes the changes made to the content and assessment methods of the compact system. With the envisaged establishment of connection between individual workplans, departmental workplans, budget fascicles and the senior managers' compacts, as well as the inclusion in the managers' compacts of the final assessment of their performance, the Committee considers that the system could develop into a powerful instrument of the accountability system. The Committee encourages the Secretary-General to pursue his efforts to put those measures into effect.**

29. **Notwithstanding the changes made to the compact system, the Advisory Committee still considers that there is little evidence that the senior managers' compacts have had any real impact on enhancing accountability.** In this regard, the recent experience in the management of the enterprise resource planning project is not very encouraging (see A/66/7/Add.1). Despite the magnitude of the project and the level of resources involved, as well as its strategic importance to the Organization and the involvement of managers at the most senior levels in its governance structure, the General Assembly was informed only at a very late stage of a two-year delay in implementation, as well as of the departure of the project Director. Furthermore, the Committee is not convinced that a full analysis of the causes and circumstances surrounding the delay has been carried out. The Committee also notes that little information has been provided to the Assembly on

the actions taken to date to implement the measures contained in its resolution 66/232 concerning the governance and management arrangements for the project. **The Advisory Committee expects the Secretary-General to implement those measures without delay.**

30. **In the view of the Advisory Committee, this case represents a clear example of failure of accountability, and also illustrates a lack of application of the principles, mechanisms and methods of accountability in the day-to-day management of operations. Furthermore, it proves that the introduction of administrative processes and procedures represents merely a first step towards achieving a results-oriented and fully accountable Organization, and that these processes and procedures will have little effect unless they are applied in an environment with a strong culture of accountability focused on achieving results, supported by robust systems for the delegation of authority and rewards and sanctions.**

31. As indicated in paragraph 41 of the Secretary-General's report, staff rule 10.1 (b) provides a mechanism by which a staff member may be required to reimburse the Organization in whole or in part where a wrongful or improper decision is determined to be wilful, reckless or grossly negligent (see also A/66/692, para. 44). The Advisory Committee was informed, upon enquiry, that there was no limit on the level of cost recovery. The Committee requested additional information on the number of cases in which such recovery actions were undertaken in 2011 but was informed that the Secretariat was not in a position to provide this information within the time frame for the issuance of the present report because the required data would have to be gathered manually from all duty stations (see paras. 7 and 8 above).

32. In paragraph 35 of his progress report, the Secretary-General indicates that if performance shortcomings are not rectified following remedial actions, the withholding of a salary increment or the non-extension or termination of a contract may be considered. The Advisory Committee requested additional information on the number of staff who had been subject to the withholding of salary increments, non-extension or termination of their contract for performance reasons in 2011, but the Secretariat was unable to provide this information for the same reasons cited in paragraph 31 above.

33. Upon enquiry, the Advisory Committee was provided with additional information on: (a) the number of staff having have been granted continuing appointments pursuant to the reform measures approved by the General Assembly in its resolution 65/247 and the related financial implications (see A/66/692, para. 27); (b) the number of cases of misconduct in which disciplinary measures had been taken (ibid., para. 36); (c) the number of cases in which staff had been protected under the whistleblower policy (ibid., para. 72); and (d) the number of cases in which staff had been the subject of sanctions/reprimand for violating the "zero-tolerance" policy on gifts or hospitality imposed under the Supplier Code of Conduct (ibid., para. 74). This additional information provided is included in annex I to the present report.

34. With regard to the performance of senior managers (see A/66/692, para. 29), the Advisory Committee was informed that the standards of conduct for the international civil service developed by the International Civil Service Commission were applicable to all staff, including senior managers.

F. Reform of the performance appraisal system

35. In paragraph 20 of its resolution 64/259, the General Assembly noted with concern the delay in the implementation of Inspira and its impact on the ability of the Secretary-General to provide a comprehensive reform effort regarding performance management, emphasized the need for its timely implementation and further stressed that the value added by such systems was dependent on its effective utilization by staff to achieve the intended results.

36. Information on the reform of the performance appraisal system is provided in paragraphs 34 to 44 of the Secretary-General's progress report. He indicates that a new policy on performance management has been introduced as part of the reform of the performance appraisal system. The Advisory Committee will comment further on the policy comprehensively in the context of its consideration of the Secretary-General's proposals on human resources management, to be submitted for consideration by the General Assembly at the main part of the sixty-seventh session. Pending consideration of those proposals, the Committee provides, in the paragraphs below, preliminary observations and comments on some aspects of the new policy on performance management.

System of rewards and sanctions

37. In paragraph 16 of its resolution 64/259, the General Assembly requested the Secretary-General to establish proper accountability mechanisms for underperformance at all levels. A clearly defined system of rewards and sanctions constitutes a pillar of an effective accountability framework, and is specifically included in the definition of accountability established by the Assembly in paragraph 8 of the same resolution.

38. The provision included in the Secretary-General's new policy for identifying and addressing performance shortcomings prescribes a series of actions for handling cases of underperformance, including: remedial measures in the form of counselling; transfer to a more suitable function; and additional training and/or the institution of a time-bound performance improvement plan. Should the performance shortcomings not be rectified following such remedial actions, the withholding of a salary increment or the non-extension or termination of a contract may be considered (A/66/692, para. 36). Upon enquiry, the Advisory Committee was provided with additional information on the manner in which underperformance is addressed in the Secretariat (see annex II).

39. From the provisions of the new policy and the additional information provided to it, the Advisory Committee notes that the accountability mechanisms for addressing performance shortcomings focus primarily on training and guidance. **While recognizing that such an approach can encourage excellence and prevent future underperformance, the Advisory Committee believes that a more robust system of sanctions to address the underperformance of staff is desirable. As discussed in paragraph 15 above, a system of rewards and sanctions is essential to creating a culture of accountability and responsibility. Accordingly, the Committee recommends that the Secretary-General be requested to assess and rigorously apply the accountability measures in place for dealing with cases of underperformance and to report comprehensively on the matter in the context**

of the above-mentioned consideration of human resources management issues by the General Assembly.

Global distribution of e-PAS ratings in 2011

40. Upon enquiry, the Advisory Committee was provided with additional information (see annex III) showing: (a) the average rating distribution for 2003-2009 under the previous rating scale (1 to 5) as compared to the rating distribution for 2010-2011 under the new rating scale (1 to 4). The Committee notes that under the previous rating scale 45 per cent of staff members exceeded performance expectations (37 per cent frequently and 8 per cent consistently), whereas under the new rating scale, only 23 per cent of staff exceeded performance expectations. The Committee was informed that the new rating scale aimed to provide the Organization with a means of differentiating between "good" and "excellent" performers. The statistics showed that when managers were pressed to make a determination, many chose to rate their staff members as "good" instead of "excellent". In contrast, the percentage of staff not meeting or only partially meeting expectations remained unchanged, between 0.1 and 1 per cent. In the Committee's view, the continued low percentages of poorly rated performance may be indicative of reluctance on the part of managers to engage in meaningful discussions with poorly performing staff and to give candid performance evaluations and/or of weaknesses in the management skills of supervisors.

41. **The Advisory Committee considers the introduction of the new assessment methodology to be a positive development, which could contribute to making the performance appraisal process more objective, and should have every prospect of improving staff performance. The Committee recommends that the Secretary-General be requested to continue to monitor and analyse performance data on the global Secretariat and to report on the evolution of trends and patterns of performance ratings and on the effects, if any, of the new ratings system on staff performance and the performance appraisal process.**

G. Selection and appointment of senior managers

42. The General Assembly in paragraph 19 of its resolution 64/259, recalling paragraph 28 of the report of the Advisory Committee (A/64/683 and Corr.1), requested the Joint Inspection Unit to submit a report, at the main part of its sixty-sixth session, on possible measures to further enhance transparency in the selection and appointment process of senior managers. As indicated above, the report of the Joint Inspection Unit entitled "Transparency in the selection and appointment of senior managers in the United Nations Secretariat" is contained in document A/66/380. The Secretary-General's comments are contained in his related report (A/66/380/Add.1). **The Advisory Committee encourages the Secretary-General to put into practice effective measures for enhancing the transparency of the process for the selection and appointment of senior management.**

H. Enterprise risk management and internal control framework

43. In paragraph 31 of its resolution 64/259, the General Assembly requested the Secretary-General to work on enhancing the current capabilities in the Secretariat responsible for risk assessment and mitigation and internal control, on the basis of

the recommendations in paragraphs 49 and 50 of the report of the Advisory Committee (A/64/683 and Corr.1) and annex II to the report of the Secretary-General (A/64/640).

44. The proposals of the Secretary-General concerning the enterprise risk management and internal control framework are set out in paragraphs 46 to 66 and in the annex to the progress report. The Advisory Committee notes that the Secretary-General has defined an overall policy for enterprise risk management and internal control as well as a methodology and tools for its implementation. He indicates that the policy was developed in close consultation with the oversight bodies, various organizations of the United Nations system and selected Secretariat departments, and that it provides a consistent and comprehensive risk management methodology designed to address both the strategic risks associated with the execution of the Organization's mandates and objectives and the risks inherent in the daily operations that support the achievement of those mandates. He further indicates that the framework builds on the approach to risk management already embraced by different parts of the Organization and that it can be applied throughout the entire Secretariat. The Committee notes that, with the support of OIOS, the Department of Management is working on the implementation of the enterprise risk management policy and methodology in selected departments representing the diverse functional areas of operation of the Organization. In this context, the Committee was informed that two risk assessment case studies had been completed, namely at the Office for the Coordination of Humanitarian Affairs and at the Economic and Social Commission for Western Asia. **The Advisory Committee welcomes the progress made thus far towards the development of the enterprise risk management framework.**

45. The Advisory Committee further notes that the capital master plan has been applying proactive risk management since its inception, and has developed a comprehensive risk register used for the daily management of the project (A/66/692, paras. 60-62). **The Advisory Committee recommends that the Secretary-General be requested, in the context of his next progress report on the capital master plan, to report on lessons learned and the impact of proactive risk management on accountability.**

46. In paragraph 6 of the annex to his progress report, the Secretary-General provides a definition of enterprise risk management, stating that it "is effected by governing bodies, management and other personnel and applied in strategy-setting throughout the Organization". In paragraph 8 of the annex, the Secretary-General states that in the area of governance, the implementation of the framework will lead to an "increased capability of senior management and the governing bodies to make informed decisions regarding risk/reward trade-offs related to existing and new programmes through the adoption of a structured approach for the identification of opportunities to enhance the allocation of resources throughout the Organization and to reduce related costs".

47. **While recognizing that effective and efficient enterprise risk management should form an integral part of an organization's governance system, the Advisory Committee believes that there is a need to clearly distinguish between the respective roles and responsibilities of the governing bodies and management. Accordingly, the Committee recommends that the Secretary-General be requested to review his enterprise risk management policy, focusing**

on the Secretariat's role and responsibilities in the management of the risks of its operations.

48. The roles and responsibilities of the internal control governance structure are set out in paragraphs 51 to 54 of the progress report. The Advisory Committee notes that the Secretary-General has designated the Management Committee as the body of the Secretariat responsible for enterprise risk management and that the Under-Secretary-General for Management will serve as the high-level official responsible for leading this effort in the Secretariat. The Committee further notes that once the enterprise risk management framework has been fully implemented throughout the Organization, OIOS will no longer perform risk assessment exercises, avoiding any overlap or duplication of functions, but will continue to be responsible for evaluating the effectiveness of the internal control environment, including the Secretariat's risk management process, and will also review the results of the risk assessments as part of its audit planning exercise. **In this context, the Advisory Committee recalls paragraphs 39 (a) and (b) of its report on the comprehensive review of governance and oversight within the United Nations and its funds, programmes and specialized agencies (A/61/605).**[3]

Implementation of enterprise risk management

49. The Secretary-General indicates that, at present, a limited temporary capacity for the implementation of the enterprise risk management is set up within the Office of the Under-Secretary-General for Management, which would need to be converted to a dedicated capacity and provided with the requisite resources to extend its work Secretariat-wide and to assume the responsibilities described in the policy outlined in the annex to his report (A/66/692, para. 63).

50. The action requested of the General Assembly in connection with the implementation of enterprise risk management is set out in paragraph 67 of the progress report. The Secretary-General is requesting: (a) that the Assembly endorse his proposal to establish a dedicated enterprise risk management and internal control function within the Office of the Under-Secretary-General for Management to work on the enhancement of the current capabilities for risk assessment and mitigation and internal control, as requested by the Assembly in its resolution 64/259; and that (b) in considering the project as one of the highest priorities of the Organization, the Secretariat temporarily meet those requirements from within existing resources and subsequently define a proposal for submission to the Assembly in the context of the 2014-2015 budget.

51. **Concerning the action requested of the General Assembly, as set out in paragraph 67 of the report of the Secretary-General, the Advisory Committee notes his intention to meet the requirements for dedicated enterprise risk management and internal control function temporarily from within existing resources. In this connection, the Committee recalls the views expressed in**

[3] (a) The Secretary-General is responsible for establishing a comprehensive risk management framework and for managing risk; the related audit function is to monitor and evaluate the adequacy and effectiveness of the Organization's risk management;
(b) The Secretary-General is responsible for the maintenance of an effective internal control regime, which is also assessed by the audit function. Responsibility for internal control activities at all levels of the Organization should be clearly assigned and built into the accountability framework.

paragraph 50 of its previous report (A/64/683 and Corr.1), that risk management needs to be embedded in the various departments rather than in a separate structure.

I. Concrete measures to prevent potential conflict of interest in the current process governing procurement

52. In paragraph 32 of its resolution 64/259, the General Assembly requested the Secretary-General to report on concrete measures to prevent potential conflict of interest in the current process governing procurement and measures aimed at improving recovery actions. In paragraphs 68 to 81 of his report, the Secretary-General outlines specific measures with respect to: ethics and integrity training; whistleblower protection; the United Nations Supplier Code of Conduct; gifts and hospitality; post-employment restrictions; financial disclosure requirements; compliance monitoring; accountability and delegation of authority; the Headquarters Committee on Contracts and local committees on contracts; the Award Review Board; and the Senior Vendor Review Committee at Headquarters.

53. The Advisory Committee enquired whether the Secretariat had consulted Member States during development of the United Nations Supplier Code of Conduct. It was informed that the Code had been developed by the United Nations Procurement Division in close consultation with the Office of the Global Compact. Furthermore, consultations had been held with internal stakeholders, including the Internal Audit Division of OIOS, the Office of Legal Affairs, the Office of the Global Compact, the members of the Inter-Agency Procurement Working Group and the bureau of the United Nations Global Marketplace.

54. **The Advisory Committee recommends that the Secretary-General be requested to report fully on concrete measures to prevent potential conflicts of interest in the current process governing procurement in the context of the next progress report on accountability.**

J. Results-based management and performance reporting

55. The Advisory Committee notes that the report of the Secretary-General does not cover the requests of the General Assembly concerning results-based management and performance reporting, indicating that it was considered premature to report on those matters since further progress is expected over the coming months. In this regard, the Secretary-General states that it is his intention to fully harmonize and integrate his results-based management proposals with other accountability and performance-related initiatives resulting from the change management exercise, as well as to conduct a thorough examination of the experience of other organizations that have introduced results-based management (A/66/692, para. 4).

56. In its definition of accountability, the General Assembly highlighted that accountability included achieving objectives and high-quality results in a timely and cost-effective manner as well as the accurate and timely reporting on performance results (resolution 64/259, para. 8). **The Advisory Committee considers that results-based management and performance reporting are essential pillars of a comprehensive accountability framework. In this context, recalling its report**

on the proposed programme budget for the biennium 2012-2013 (see A/66/7), the Committee trusts that ongoing work by the Secretary-General on the results of the change management initiative will be completed in a timely manner and that those initiatives requiring legislative approval will be presented as soon as possible.

57. The Advisory Committee has been informed on numerous occasions that the Secretariat's current information systems cannot adequately support results-based management and that the enterprise resource planning system (Umoja) would be necessary for that purpose. In his previous report, the Secretary-General indicated that Umoja would link resources to objectives and would also allow assessment of the performance level of a programme relative to the resources provided to it (A/64/640). The Committee recalls that, in his second report on progress in the implementation of the enterprise resource planning project, the Secretary-General indicated that a standardized methodology for results-based management would have to be adopted as a prerequisite to the integration of the required results-based management and performance functions into Umoja (A/65/389, para. 63). **The Advisory Committee trusts that the development of such a standardized methodology for results-based management is in progress.**

Annex I

Statistical information

1. Misconduct and disciplinary measures
(see A/66/692, para. 36)

Number of cases of misconduct in which disciplinary measures have been taken

	1 July 2009-30 June 2010	*1 July 2010-30 June 2011*
Cases received	167	123
Cases closed:	100	271
Dismissals	13	14
Other disciplinary measures	16	93
Administrative measures	36	19
Decision to take no action after initial review	4	80
Decision to take no action after full analysis including staff members' comments	21	38
Separation of staff member prior to the completion of the disciplinary process	10	26
Other		1

During the period from 1 July 2009 to 30 June 2010, 29 per cent of the cases that were closed ended in a dismissal or other disciplinary measure, whereas this percentage increased to 40 per cent during the period from 1 July 2010 to 30 June 2011. The number of cases received during the period from 1 July 2010 to 30 June 2011 (123) represented 0.30 per cent of the total staff population of 40,000 individuals. Similarly, disciplinary measures imposed during the same period (107) represented 0.26 per cent of the total staff population.

This information is also provided on a regular basis in the context of the annual report of the Secretary-General on disciplinary matters, submitted in response to General Assembly resolution 57/267.

2. Whistleblower protection policy
(see A/66/692, para. 72)

The whistleblower protection policy, set out in the Secretary-General's Bulletin on protection against retaliation (ST/SGB/2005/21), mitigates the risk of conflicts of interest in the procurement process by providing protection to individuals who report misconduct or who cooperate with authorized audits and investigations. The Advisory Committee requested additional information on the number of cases in which staff had been protected under this policy. It was informed that during the period from August 2007 to November 2011, the Ethics Office had received a total of 200 enquiries with respect to the policy. Of those, 118 were requests for advice or enquiries that fell outside of the mandate of the Office. Preliminary reviews of the remaining 82 complaints were initiated to determine if a

prima facie case of retaliation could be established. Of the 67 complaints for which preliminary reviews were completed, the Ethics Office determined that five were prima facie cases of retaliation and referred those cases for formal investigation. One case resulted in a finding of retaliation and recommendations were issued by the Ethics Office pertaining to disciplinary actions and corrective measures, pursuant to the relevant provisions of ST/SGB/2005/21. On three occasions, interim relief was provided for complainants during the period between the finding of the prima facie case and the outcome of the investigation.

3. Gifts and hospitality
(see A/66/692, para. 74)

The Advisory Committee requested additional information on the number of cases of staff who had been the subject of sanctions/reprimand for violating the "zero-tolerance" policy on gifts or hospitality imposed under the United Nations Supplier Code of Conduct. It was informed that since 2007, disciplinary/administrative action had been imposed on nine staff members in connection with conduct involving acceptance of favours, gifts, hospitality or the like, from vendors/vendor representatives. In addition, since 2006, the Ethics Office had received a total number of 313 requests for advice related to gifts and hospitality, 58 of which had been received in 2011.

4. Continuing appointments
(see A/66/692, para. 36)

Since 30 June 2009, approximately 60 staff members have been granted continuing appointments. To date, only staff having successfully completed a competitive examination as defined under staff rule 4.16 (national competitive recruitment examination, G to P or language examinations) have been reviewed for continuing appointments.

The granting of continuing appointments does not entail financial implications, given that the remuneration package for continuing/permanent appointments and fixed-term contracts is the same.

The first exercise for reviewing all other categories of staff for continuing contracts has yet to be launched. This is, in part, because the one-time review of permanent appointments, which is in its final stages, must to be completed before the number of continuing appointments available will be known. Furthermore the Secretariat is in the process of finalizing the related administrative instruction, taking into account comments received from all stakeholders. The first exercise is expected to be launched in the second half of 2012. Eligible staff will be considered in accordance with the criteria set out in the Secretary-General's Bulletin on continuing appointments (ST/SGB/2011/9).

Annex II

Underperformance by staff

The United Nations tackles the problem of underperformance through training and guidance. The promulgation of ST/SGB/2011/5 made performance management training mandatory for managers and supervisors at all levels. A core element of this programme is handling underperformance. Methods include, counselling, training, coaching, performance improvement plans and (if such a plan has been implemented but has been unsuccessful) the option of withholding salary increments.

Managers are also briefed on the role of informal dispute resolution, including the services of the Ombudsman and mediation services for assistance with handling underperformance.

These initiatives are intended to ensure that cases of underperformance are dealt with effectively and with respect for staff members' due process rights. The managerial training programme is constantly evaluated for its usefulness and effectiveness and the feedback received to date is that the component on handling underperformance is very useful.

Targeted training of human resources and executive office staff, as well as senior managers, is also carried out to ensure that managers and supervisors receive appropriate advice on handling underperformance.

Annex III

Global distribution of e-PAS ratings: comparison of 2003-2009 and 2010-2011 averages

(Percentage)

Performance cycle	*Does not meet*	*Partially meets*	*Fully successful*	*Frequently exceeds*	*Consistently exceeds*
2003 to 2009 average	0.10	1	54	37	8
	Does not meet	*Partially meets*	*Successfully meets*	*Exceeds*	
2010-2011	0.10	1	76	23	
Difference	Unchanged	Unchanged	22	-22